

Message Text

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PAGE 01 STATE 062047
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ATTN PARIS FOR MARK PRATT

E.O. 11652: N/A

TAGS: SOPN, XC, US

SUBJECT: MARCH 10 EA PRESS SUMMARY

1. CHINA

CNA QUOTES ROC FONMIN SPOKESMAN AS REITERATING 3/10 THAT
NAN-SHA ARCHIPELAGO (SPRATLEYS) IS "INTEGRAL PART" OF
TAIWAN. AGENCY SAID SPOKESMAN MADE STATEMENT IN REPLY TO
PRESS QUESTION REGARDING PHILIPPINE TROOPS' "ALLEGED
OCCUPATION" OF PANATA ISLAND. FONMIN SPOKESMAN ADDED THAT
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PAGE 02 STATE 062047

"NO ACTION TAKEN BY ANY PARTY ON ANY ISLAND OF NAN-SHA
ARCHIPELAGO WOULD AFFECT THE SOVEREIGNTY OF THE ROC OVER
IT" (REUTER TAIPEI).

2. PHILIPPINES

JOC REPORTS PRES CARTER HAS APPROVED 2-YR EXTENSION OF

"AIR MANILA'S" AUTHORITY TO OPERATE CARGO/PASSENGER CHARTER
FLIGHTS BETWN PHL/US.

3. INDONESIA

REUTER (JAKARTA) REPORTS TROOPS/ANTI-GOVT STUDENTS
CLASHED IN CAPITAL'S CENTRAL STREETS FRI, CAUSING SOME
SHOPS TO CLOSE ON EVE OF PEOPLE'S CONGRESS PLENARY
SESSION 3/11. NO IMMEDIATE REPORTS OF ARRESTS/INJURIES;
BUT OBSERVERS SAID FACT IT WAS FIRST STREET DEMONSTRATION
IN SEVERAL WKS COULD INDICATE HARDENING OF CAMPUS
MINORITY OPPOSITION AGAINST SUHARTO'S UNCONTESTED RE-
ELECTION BY CONGRESS LATER THIS MONTH.

4. KOREA

TONGSUN PARK ENDED MAIN PHASE OF CLOSED-DOOR HOUSE ETHICS
CMTE TESTIMONY THURS W/O ALTERING HIS CLAIM THAT 750,000
DOLS PAID CONGRESSMEN WAS FOR POL CONTRIBUTION/FACILITA-
TION HIS RICE BUSINESS/NOT INTENDED BUY INFLUENCE FOR
ROKG. WSJ DISPATCH REPORTS CMTE MEMBERS SAID NO MORE THAN
6 CONGRESSMEN FACE DISCIPLINING FOR ACCEPTING SK MONEY.

ACCORDING WP'S RADCLIFFE, TONGSUN PARK'S FRIENDS HAD
PLANNED "QUIET GATHERING" TUES TO WISH HIM HAPPY
BIRTHDAY; BUT LATE MONDAY NIGHT DOJ STEPPED IN/SAID,
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PAGE 03 STATE 062047

QUITE CATEGORICALLY, "NO PARTY."

REID NOTES HOUSE CMTE SAID IT MIGHT ASK 1 MORE DAY W/PARK
IN CLOSED SESSION IF IT FINDS QUESTIONS REMAINING AFTER
REVIEW TESTIMONY. PARK SCHEDULED TESTIFY NEXT WK IN
CLOSED SESSION BEFORE SEN ETHICS CMTE, THEN AT CRIMINAL
TRIAL/FORMER REP HANNA (D-CALIF). HOUSE CMTE PLANS
QUESTION HIM IN OPEN SESSION IN LATE SPRING (ACCOMPANIED
BY PHOTO JAWORSKI/DEPUTY).

5. CAMBODIA/VIETNAM

HANOI RADIO REPORTED FRI ABOUT 100 CAMBODIAN "INTRUDERS"
"PUT OUT OF ACTION" BY VIET FORCES 3/3-4 IN TAY NINH
BORDER PROVINCE, DOZENS OTHERS KILLED S OF BANG CHANG
CHAU, 130 WOUNDED IN DONG THAP PROVINCE, 160 INTRUDERS
ROUTED IN OTHER ACTIONS LAST WKEND (REUTER SINGAPORE).

6. THAILAND

RTG OFFICIALLY UNHOOKED THAI CURRENCY FROM US DOL THURS,
BUT FAILED GIVE NEW EXCHANGE RATE, CAUSING MASSIVE

CONFUSION AT BANGKOK BANKS. AT HEIGHT TOURIST SEASON, MOST BANKS/MONEY CHANGES REFUSING ACCEPT ANY FOREIGN CURRENCIES; COUNTRY'S BIGGEST BANK ("BANGKOK") CHANGING ONLY DOLS AT FORMER RATE. UPI (BANGKOK JOC) SAYS ACTION

INDICATED THAILAND WOULD REVALUE BHAT SLIGHTLY UPWARD FROM 20.3 PER DOL RATE. RTG ALSO ANNOUNCED HUGE IMPORT TAX INCREASES FOR 141 ITEMS/RISE IN GASOLINE PRICE TO MORE THAN 1 DOL/GAL. UPI SAYS ECON REVISIONS DESIGNED TO RAISE MONEY FOR MIL ARMS EXPANSION/ATTEMPT CUT BIL-DOL TRADE DEFICIT.

7. JAPAN

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PAGE 04 STATE 062047

GOJ ANNOUNCED THURS EXPORTS DECLINED FOR 2ND STRAIGHT MONTH IN FEB--SHARPEST SETBACK SINCE 11/75--INDICATING EARNINGS JAPAN EXPORTERS WILL SAG IN MONTHS AHEAD (UPI TOKYO, JOC).

WP'S CHAPMAN (TOKYO) REPORTS THAT DOL SUFFERED ANOTHER BEATING ON JAPAN'S FOREIGN EXCHANGE MARKET THURS (233.60 TO DOL), DESPITE BANK OF JAPAN ATTEMPT TO SUPPORT IT. PM FUKUDA CALLED DOL LOSS "VERY GRAVE"/TOLD PARLIAMENTARY COMMITTEE HE IS URGING US TAKE EFFECTIVE ACTIONS DEFEND DOL, IS PREPARED CLAMP DOWN ON SUDDEN INFLOW FOREIGN MONEY THAT HAS SENT YEN RISING TO RECORD HIGHS THIS WK. CHAPMAN CITES UNDERLYING REASON FOR DECLINE AS UNCERTAINTY ABOUT US ECON/FAILURE CARTER ADMIN OBTAIN PASSAGE ENERGY PROGRAM THAT WOULD DECREASE US OIL IMPORTS/REDUCE TRADE DEFICIT.

CHAPMAN SAYS EXPERTS PREDICT YEN'S RENEWED APPRECIATION WILL HAVE SERIOUS EFFECT ON JAPAN'S ECON, MAKING EXPORTS MORE EXPENSIVE OVERSEAS. SAYS GOJ READY IMPOSE NEW FOREIGN EXCHANGE RESTRICTIONS ON SHORT-TERM FOREIGN INVESTMENTS/TIGHTEN RESERVE REQUIREMENTS ON YEN DEPOSITS. FUKUDA ALSO ANNOUNCED THURS GOVT WILL BEGIN INCREASE EMERGENCY IMPORTS TO REDUCE JAPAN'S LARGE TRADE SURPLUS/CURTAIN YEN'S APPRECIATION.

JOC'S CULLISON, IN 1 OF 2 ARTICLES FROM TOKYO, QUOTES FUKUDA THAT GOJ APPEAL TO US TO DEFEND DOL IS NOT LIKELY BE PERSUASIVE UNLESS JAPAN'S TRADE SURPLUS 1ST DECREASED. SAYS FUKUDA ANNOUNCED JAPAN WILL IMPORT ABOUT 900 MIL DOLS WORTH IMPORTS UNDER EMERGENCY PROGRAM, WILL ENCOURAGE AIRLINES PURCHASE FOREIGN AIRCRAFT. SAYS, ALTHO FUKUDA DID NOT MENTION IT, JAPAN MIGHT ALSO IMPORT

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PAGE 05 STATE 062047

4.5 BIL DOLS WORTH US F-15 EAGLES AND P-3C ORIAN ANTI-SUBMARINE PATROL AIRCRAFT.

8. GENERAL

FOR 1ST TIME, PRES CARTER THURS EVOKED "EXECUTIVE PRIVILEGE" IN EFFORT KEEP SECRET 29 DOCS RELATING TO

RESTRICTIONS ON SHOE IMPORTS/NEEDED FOR COURT CASE INVOLVING SUIT BY 3 SHOE IMPORTERS SEEKING TO OVERTURN RESTRICTIONS ON SHOES FROM ROC/SK. JUDGE IN CASE AGREED THAT 24 OF 29 DOCS SHOULD REMAIN SECRET, BUT DEMANDED OTHER 4 BE HANDED OVER TO IMPORTERS (REUTER 3/9).

COMMENT AND ANALYSIS

9. KOREA

TO REUTER'S DE SILVA (3/9), DOS AND HOUSE ETHICS CMTE APPEAR HEADED FOR CONFRONTATION OVER PANEL'S DEMANDS TO QUESTION AMB KIM GONG JO/OTHER ROKG OFFICIALS ABOUT ALLEGED INFLUENCE-BUYING SCHEME. OBSERVES DOS HAS BACKED SEOUL'S ASSERTIONS THAT KIM PROTECTED BY INTL AGREEMENTS GRANTING HIM DIPLO IMMUNITY. NOTES EA'S HOLBROOKE, TESTIFYING BEFORE CMTE, SUGGESTED ITS ACTION COULD PAVE WAY FOR FON GOVT DEMANDS TO QUESTION US DIPLOS; ADDED THAT MAJOR WESTERN COUNTRIES' OFFICIALS HAVE EXPRESSED CONCERN TO DOS ABOUT PANEL'S DEMANDS.

DE SILVA OBSERVES JAWORSKI OPENLY DISPUTED HOLBROOKE'S STATEMENT, DECLARING "PERSONALLY, I DON'T THINK IT'S A DANGEROUS PRECEDENT." NOTES JAWORSKI RAISED ISSUE HIMSELF IN BRIEF TALK W/REPORTERS, AND "APPEARED IRRITATED" BY DOS STATEMENTS WARNING PANEL AGAINST PURSUING ITS DEMANDS TO QUESTION ROKG OFFICIALS.

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PAGE 06 STATE 062047

10. CHINA

IN HK, WP'S MATHEWS FEELS 5TH NPC HAS PROVIDED SOME OF 1ST CONCRETE SIGNS OF WHO IS RISING FAST IN POST-MAO ERA. SAYS WHILE HUA/TENG ARE "OVBIOUS STARS," IT IS IN RANKS JUST BELOW THEM THAT MOST SIGNIFICANT MOVEMENTS WITHIN POLITBURO CAN BE SEEN. NOTES CONGRESS NAME LISTS SHOWING

SIGNIFICANT GAINS FOR 2 ANCIENT ARMY GENERALS, AN OLD MONGOL LEADER, SOME RELATIVELY YOUNGER BUREAUCRATS, AND LOSS OF POWER BY WU TEH AND CHEN HSI-LIEN.

CSM'S MORITZ (HK) OBSERVES THAT IN PLA TODAY IMPROVED DISCIPLINE/PERSISTENCE IN MASTERING BASIC MIL SKILLS BEING STRESSED. NOTES EFFORTS CONTINUE ALSO TO UPGRADE MILITIA AND MORE CLOSELY INTEGRATE IT INTO REGULAR FORCES--PART OF PURPOSE BEING PREVENT IT AGAIN BECOMING PARAMIL ARM OF ANY POL FACTION THAT MIGHT CHALLENGE CURRENT RULING COALITION.

WU (SUN HK) CONTENTS FEAR OF INVASION, PARTICULARLY BY SOVIETS, WAS MAJOR FACTOR INCORPORATED IN PRC'S AMBITIOUS MODERNIZATION PROGRAM WHICH ENVISIONS, AMONG OTHER THINGS, CREATION OF 6 ECONOMICALLY AUTONOMOUS REGIONS--SOME LARGE AS W EUROPE AND EACH CAPABLE OF FIGHTING ALONE.

CSM'S KILBORN CITES PROGRESS BEING MADE TOWARDS EASING INDIA/PRC TENSIONS.

11. INDONESIA

IN SINGAPORE, JOC'S LORENZ SEES NO INDICATIONS THERE WILL BE ANY MAJOR CHANGES IN STYLE OF GOI FOLLOWING UNCLASSIFIED

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PAGE 07 STATE 062047

EXPECTED SUHARTO ELECTION. RECITES ECON FORWARD STEPS UNDERWAY--BUT CAUTIONS THESE COULD EASILY BE LOST IF SOMEWHAT TENSE POL CLIMATE ERUPTS AS RESULT SUHARTO PERPETUATING HIMSELF IN POWER FAR LONGER THAN MOST REASONABLE/EDUCATED INDONESIANS BELIEVE HE SHOULD.

12. PACIFIC DEFENSE POSTURE

DALLAS MORNING NEWS' WARNER (2/24) OBSERVES THAT SHARP SWITCH FROM PACIFIC-ORIENTED DEFENSE POSTURE TOWARD EUROPE, WHICH BEGAN W/WITHDRAWAL FROM VN, IS CONTINUING. SAYS DURING NEXT 5 YRS US INTENDS MAKE DRAMATIC INCREASE IN CAPABILITY REINFORCE NATO--AT EXPENSE FORCES IN FE. SAYS REDUCTIONS IN PACIFIC STRENGTH ACCOMPANIED BY VITAL STRATEGIC CHANGE: MEETING US INTERESTS IN REGION BY OFFSHORE STRATEGY BUILT AROUND ISLAND-BASED AIR/NAVAL POWER. "BEHIND THIS," WARNER SAYS, "LIES THE DETERMINATION...NOT TO BECOME ENGAGED AGAIN WITH GROUND FORCES IN A LAND WAR IN ASIA." NOTES W/WITHDRAWAL US STRENGTH IN FE, USSR BUSY EXPANDING ITS OWN STRENGTH. SAYS JAPANESE HAVE NOTED SOVIET SHIPS ACTIVE IN INTELLIGENCE-GATHERING OPRNS ON SEAS NEAR JAPAN/BECOM-

ING CONSPICUOUS BECAUSE OF OCEAN MANEUVERS. CONCLUDES
THIS IS POSTURE SOME OTHER REGIONAL POWERS MIGHT ALSO
ADOPT W/ADVANTAGE. VANCE

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